

**VALLEY CENTER RECREATION COMMISSION**

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**COMPONENT UNIT**

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2017**

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**George, Bowerman & Noel, P.A.**  
*Certified Public Accountants*



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# George, Bowerman & Noel, P.A.

*Certified Public Accountants  
Management Consultants  
Tax Advisors*

Paul R. Bowerman  
Gary L. George

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Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Valley Center Recreation Commission  
Valley Center, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Valley Center Recreation Commission (Commission), Valley Center, Kansas, a component unit of Unified School District No. 262, Valley Center, Kansas, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Valley Center Recreation Commission, Valley Center, Kansas, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Liability Insurance/Employee Benefits Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

George, Bowerman & Noel, P.A.

Wichita, Kansas  
November 17, 2017

## VALLEY CENTER RECREATION COMMISSION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

As management of the Valley Center Recreation Commission, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2017.

#### FINANCIAL HIGHLIGHTS

- The assets of the Valley Center Recreation Commission exceeded its liabilities at the close of the most recent fiscal year by \$3,030,264 (net position). Of this amount, \$513,303 (unrestricted net position) may be used to meet the Commission's ongoing obligations to citizens and creditors in accordance with the Commission's fiscal policies.
- The Commission's total net position increased by \$88,851 compared to an increase of \$139,754 for the prior year.
- As of the close of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$523,533. \$8,772 of this amount is restricted for future liability insurance/employee benefits and \$489,571 is assigned to fund the General Fund's 2018 budget and \$25,190 is unassigned.
- At the end of the current fiscal year, total fund balance for the General Fund was \$514,761, or 85% of the total General Fund expenditures for the current fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported when the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in the future fiscal periods (e.g., earned but not used compensated absences).

Both of the government-wide financial statements present the functions of the Commission that are principally supported by taxes and user fee revenues (governmental activities). The governmental activities of the Commission include general operations, maintenance, recreation programs, operations of the municipal swimming pool and project facility improvements.

The government-wide financial statements can be found on pages 10 – 11 of this report.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are governmental funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating an entity's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Commission's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains two governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Insurance Liability/Employee Benefits funds, both of which are considered major funds.

The basic governmental fund financial statements can be found on pages 12 – 17 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 – 29 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$3,030,264 as of June 30, 2017.

The assets of the Commission are classified as current assets and capital assets. Cash and investments are current assets. These assets are available to provide resources for the near-term operations of the Commission. The majority of the current assets are the result of the property tax collection process of which the Commission received approximately 90% of its anticipated tax distributions before June 30, 2017 and the accumulation of resources is necessary due to the first tax distribution for the Commission's fiscal year 2018 will not be received until January 20, 2018.

A significant portion of the Commission's net position (83%) reflects its investment in capital assets (e.g., buildings and improvements, machinery and equipment), less any debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the Commission's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities, if any.

#### VALLEY CENTER RECREATION COMMISSION'S NET POSITION

	Governmental Activities at June 30, 2017	Governmental Activities at June 30, 2016	Change Increase/ (Decrease)
Current and other assets	\$ 530,496	\$ 376,205	\$ 154,291
Capital assets	<u>2,508,189</u>	<u>2,573,872</u>	<u>(65,683)</u>
Total assets	<u>3,038,685</u>	<u>2,950,077</u>	<u>88,608</u>
Long-term liabilities	1,458	1,685	(227)
Other liabilities	<u>6,963</u>	<u>6,979</u>	<u>(16)</u>
Total liabilities	<u>8,421</u>	<u>8,664</u>	<u>(243)</u>
Net position:			
Investment in capital assets, net	2,508,189	2,573,872	(65,683)
Restricted for liability insurance/ employee benefits	8,772	11,104	(2,332)
Unrestricted	<u>513,303</u>	<u>356,437</u>	<u>156,866</u>
Total net position	<u>\$ 3,030,264</u>	<u>\$ 2,941,413</u>	<u>\$ 88,851</u>

The balance of unrestricted net position in the amount of \$513,303 may be used to meet the Commission's ongoing obligations to citizens and creditors.

**Analysis of the Commission's operations** – The following table provides a summary of the Commission's operations for the year ended June 30, 2017, with comparative amounts for the year ended June 30, 2016. The Commission's net position increased by \$88,851, for a 3% growth in net position.

## VALLEY CENTER RECREATION COMMISSION'S CHANGES IN NET POSITION

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>	Change Increase/ (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 196,231	\$ 131,780	\$ 64,451
Operating grants and contributions	—	—	—
Capital grants and contributions	—	18,800	(18,800)
General revenues:			
Payments from Unified School			
District No. 262 for property taxes	646,499	603,471	43,028
Investment earnings	<u>169</u>	<u>202</u>	<u>(33)</u>
Total revenues	<u>842,899</u>	<u>754,253</u>	<u>88,646</u>
Expenses:			
General operating	260,265	216,883	43,382
Maintenance	125,300	126,783	(1,483)
Swimming Pool	67,688	62,056	5,632
Golf course	206,616	102,335	104,281
Programs	<u>94,179</u>	<u>106,442</u>	<u>(12,263)</u>
Total expenses	<u>754,048</u>	<u>614,499</u>	<u>139,549</u>
Increase in net position	88,851	139,754	(50,903)
Net position, beginning of year	<u>2,941,413</u>	<u>2,801,659</u>	<u>139,754</u>
Net position, end of year	<u>\$ 3,030,264</u>	<u>\$ 2,941,413</u>	<u>\$ 88,851</u>

**Governmental Activities** – Governmental activities increased the Commission's net position by \$88,851 for the current fiscal year, accounting for a 3% growth in the net position of the Commission. Total revenues increased by \$88,646 with an increase in charges for services of \$64,451 with full year of operations for the Valley Point Golf Course attributing \$64,212 of that net increase. Swimming pool charges decreased by \$7,660 for 2017 and program charges increased by \$4,685. Miscellaneous administrative charges increased by \$3,214 for 2017. Capital grants and contributions decreased by \$18,800, which was primarily related to the sale of a used mower for \$18,000 during 2016. In addition, tax payments from USD No. 262 increased by \$43,028, which was anticipated in the 2017 budget process. Investment earnings decreased by \$33 due to smaller cash balances for investment coupled with continued low interest rates.

Total expenses increased for the current fiscal year by \$139,549, or approximately 23%. Golf course operating expenses increased by \$104,281 due to the opening of the Valley Point Golf Course in July 2016. General operating costs increased \$43,382 with major increases in salaries and benefits of \$24,215, advertising costs of \$5,016, property insurance expenses of \$5,637 and repairs to the office building of \$6,989. Swimming pool operating costs increased by \$5,632



with wages and benefits accounting for \$4,366 of that increase. Golf course expenses increased by \$104,281 with 2017 being the first year of full operations of the Valley Point Golf Course facility. Wages and benefits attributed to \$54,977 of the increase with utilities and concession supplies attributing \$5,173 and \$3,909, respectively of the increase. Maintenance expenses for 2017 increased by \$8,896 and depreciation expense included in the functional areas discussed above increased by \$2,842 for 2017.

## **FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS**

**Governmental funds** – The focus of the Commission's funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$523,533. Of this total, \$8,772 is restricted for liability insurance/employee benefit costs and \$489,571 is assigned to cover the estimated revenue deficit for the 2018 General Fund budgeted expenditures. \$25,190 is unassigned and available to meet the Commission's ongoing obligations to citizens and creditors in accordance with the Commission's fiscal policies

In the General Fund, the fund balance at June 30, 2017 increased by \$156,639 compared to a \$468,318 decrease for the fiscal year ended June 30, 2016. The 2016 decrease can be attributed to a significant portion of the capital improvements for the construction and equipping the Valley Point Golf Course being incurred during 2016. Final completion of the Golf Course was accomplished during 2016 with the public opening being held in July 2016. Golf course expenditures decreased for 2017 from 2016 by \$25,887 as preparations were being made for the golf course opening during 2016. General Fund revenues increased by \$56,214 for 2017. Appropriations from the USD No. 262 increased by \$10,596, golf course revenues increased by \$64,212 and program revenues increased by \$4,685. Swimming pool revenues decreased by \$7,660 and miscellaneous revenues decreased by \$15,586. Interest earnings decreased by \$33 for 2017.

The Liability Insurance/Employee Benefits Fund balance decreased by \$2,332 for 2017, or approximately 4%. Appropriations from property taxes decreased by \$34,432, which was anticipated in the preparation of the 2017 budget. Total benefit expenditures increased by \$25,003. Health insurance costs decreased by \$17,041 workers compensation insurance increased by \$3,823 and FICA/Medicare taxes increased \$4,379 for 2017.

**General Fund Budgetary Highlights** – The General Fund total revenues were \$109,100 less than anticipated in the 2017 budget, or about 13%. Actual budgetary expenditures totaled \$603,968, which represented 50% of the budgeted expenditures for 2017. The budgetary basis fund balance for the General Fund increased during 2017 in the amount of \$156,639 primarily due to lower costs incurred in preparation of the golf course opening in July 2016 and other capital improvement projects for the Sports Complex.

The Commission's budgeted carryover to 2017-2018 was estimated to be \$489,571 as compared to the actual carryover of \$514,761. Although additional expenditures for facility maintenance and improvements will reduce future reserves, the anticipated assessed valuation growth should provide for continuity of operations and provide for Commission operating reserves at an adequate level.

## CAPITAL ASSETS

The Commission's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$2,508,189 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, and machinery and equipment. Current fiscal year capital asset additions totaled \$74,162. Major capital asset events during the current fiscal year included the following:

- Final completion costs of the Valley Point Golf Course of \$20,920.
- Purchase of a used John Deere Gator utility vehicle for use at the Sports Complex in the amount of \$4,250
- Acquisition of a new copier, printer, fax machine for the administrative offices at a cost of \$5,767.
- Improvements to the golf cart paths at the Valley Point Golf Course at a cost of \$12,875.
- A new roof at the administrative office building at a cost of \$21,591.
- Construction of a drainage plume at the Valley Point Golf Course at a cost of \$4,560.

### Capital Assets at Year-End Net of Accumulated Depreciation

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>	Change Increase/ (Decrease)
Land	\$ 107,004	\$ 107,004	\$ —
Buildings and improvements	2,239,341	2,289,671	(50,330)
Machinery and equipment	<u>161,844</u>	<u>177,197</u>	<u>(15,353)</u>
Total	<u>\$ 2,508,189</u>	<u>\$2,573,872</u>	<u>\$ (65,683)</u>

Additional information on the Commission's capital assets can be found in Note 3 on page 26 of this report.



## **DEBT ADMINISTRATION**

At the end of the current fiscal year, the Commission's long-term debt obligations for the vested portion of accrued compensated absences payable totaled \$1,458. During the current fiscal year accrued compensated absences increased by \$7,900 and \$8,127 was liquidated resulting in an ending liability balance of \$1,458.

Additional information on the Commission's long-term debt can be found in Note 4 on page 26 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In the 2017-2018 budget, General Fund revenues are budgeted to decrease \$71,891 or about 8% from the 2016-2017 budget year with appropriations from the Valley Center Unified School District No. 262 representing about 74% of the General Fund budgeted revenues. The 2017-2018 budget anticipates Valley Point Golf Course fees and charges of \$76,890, or about 10% of total General Fund budgeted revenues. Certified assessed valuations, on which the USD No. 262 appropriations are derived, increased approximately 5% over the preceding year to a total assessed valuation of \$130,426,192 for the 2017-2018 budget. Total General Fund budgeted expenditures for the 2017-2018 budget year are \$1,287,387, an increase of \$67,680 from the 2016-2017 budget year with capital improvements reflecting the major increase in budgeted expenditures. The mill levy for the General Fund of the Commission is 4.000 mills for the 2017-2018 budget year, which is the same as for the 2016-2017 budget year. The Liability Insurance/Employee Benefit Fund mill levy increased slightly by .005 mills from the 2016-2017 budget year to .600 mills for the 2017-2018 budget year.

## **REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Commission's finances. If you have questions about this report or need any additional information, contact the Valley Center Recreation Commission, Attention: Director of Recreation, at 117 North Park, P.O. Box 414, Valley Center, Kansas 67147, call (316) 755-7345, or e-mail at [reccenter@vrc.kscoxmail.com](mailto:reccenter@vrc.kscoxmail.com).

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## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



VALLEY CENTER RECREATION COMMISSION

STATEMENT OF NET POSITION

June 30, 2017

Governmental  
Activities

ASSETS

Cash and investments	\$ 530,496
Capital assets:	
Land	107,004
Buildings and improvements	3,013,627
Machinery and equipment	325,340
Accumulated depreciation	<u>(937,782)</u>
Total assets	<u>3,038,685</u>

LIABILITIES

Accounts payable	1,373
Accrued salaries and wages payable	5,100
Payroll taxes payable	490
Noncurrent liabilities:	
Due within one year	1,458
Due in more than one year	<u>—</u>
Total liabilities	<u>8,421</u>

NET POSITION

Investment in capital assets, net	2,508,189
Restricted for liability insurance/employee benefits	8,772
Unrestricted	<u>513,303</u>
Total net position	<u>\$ 3,030,264</u>

The accompanying notes are an integral  
part of the financial statements.

# VALLEY CENTER RECREATION COMMISSION

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Operating	\$ 260,265	\$ 6,742	\$ -	\$ -	\$ (253,523)
Maintenance	125,300	-	-	-	(125,300)
Swimming pool	67,688	59,973	-	-	(7,715)
Golf course	206,616	71,259	-	-	(135,357)
Programs	94,179	58,257	-	-	(35,922)
Total Governmental Activities	\$ 754,048	\$ 196,231	\$ -	\$ -	(557,817)
General Revenues:					
Payments received from Valley Center USD No. 262 for:					
General operations					564,207
Liability insurance/employee benefits					82,292
Investment earnings					169
Total General Revenues					646,668
Increase in Net Position					88,851
Net Position, Beginning of Year					2,941,413
Net Position, End of Year					\$ 3,030,264

The accompanying notes are an integral part of the financial statements.



**FUND FINANCIAL STATEMENTS**



# VALLEY CENTER RECREATION COMMISSION

## BALANCE SHEET

### GOVERNMENTAL FUNDS

June 30, 2017

	<u>General</u>	<u>Liability Insurance/ Employee Benefit</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ <u>521,234</u>	\$ <u>9,262</u>	\$ <u>530,496</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 1,373	\$ —	\$ 1,373
Accrued salaries and wages payable	5,100	—	5,100
Payroll taxes payable	<u>—</u>	<u>490</u>	<u>490</u>
Total liabilities	<u>6,473</u>	<u>490</u>	<u>6,963</u>
Fund balances:			
Restricted for Liability Insurance/ Employee Benefits	—	8,772	8,772
Assigned for subsequent year's budget deficit	489,571	—	489,571
Unassigned	<u>25,190</u>	<u>—</u>	<u>25,190</u>
Total fund balances	<u>514,761</u>	<u>8,772</u>	<u>523,533</u>
Total liabilities and fund balances	\$ <u>521,234</u>	\$ <u>9,262</u>	\$ <u>530,496</u>

The accompanying notes are an integral  
part of the financial statements.

**VALLEY CENTER RECREATION COMMISSION**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

**June 30, 2017**

Total Governmental Fund Balances		\$ 523,533
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost	\$ 3,445,971	
Accumulated depreciation	<u>(937,782)</u>	
		2,508,189
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable		<u>(1,458)</u>
Net Position of Governmental Activities		<u>\$ 3,030,264</u>

The accompanying notes are an integral  
part of the financial statements.

# VALLEY CENTER RECREATION COMMISSION

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUNDS

Year ended June 30, 2017

	<u>General</u>	<u>Liability Insurance/ Employee Benefits</u>	<u>Total Governmental Funds</u>
Revenues:			
Appropriation from USD No. 262	\$ 564,207	\$ 82,292	\$ 646,499
Programs	58,257	–	58,257
Swimming pool	59,973	–	59,973
Interest	169	–	169
Golf course	71,259	–	71,259
Miscellaneous	<u>6,742</u>	<u>–</u>	<u>6,742</u>
Total revenues	<u>760,607</u>	<u>82,292</u>	<u>842,899</u>
Expenditures:			
Current:			
General operating	208,207	43,854	252,061
Maintenance	75,397	16,354	91,751
Programs	55,359	10,954	66,313
Golf course	140,629	8,484	149,113
Swimming pool	59,204	4,978	64,182
Capital outlays	<u>65,172</u>	<u>–</u>	<u>65,172</u>
Total expenditures	<u>603,968</u>	<u>84,624</u>	<u>688,592</u>
Revenues over (under) expenditures	156,639	(2,332)	154,307
Fund balances, beginning of year	<u>358,122</u>	<u>11,104</u>	<u>369,226</u>
Fund balances, end of year	<u>\$ 514,761</u>	<u>\$ 8,772</u>	<u>\$ 523,533</u>

The accompanying notes are an integral  
part of the financial statements.

**VALLEY CENTER RECREATION COMMISSION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2017**

Net Change in Fund Balances – Total Governmental Funds	\$ 154,307
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Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives as  
depreciation expense. In the current period, these  
amounts are:

Capital outlay	\$ 74,162	
Depreciation	<u>(138,166)</u>	

Capital outlays over depreciation	(64,004)
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Governmental funds report only cash received on disposition of capital assets however, in the government-wide financial statements a gain or loss on disposition of capital assets is reported	(1,679)
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Some expenses reported in the statement of activities do  
not require the use of current financial resources and  
therefore are not reported as expenditures in the funds:

Compensated absences payable	<u>227</u>
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Change in Net Position of Governmental Activities	\$ <u>88,851</u>
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The accompanying notes are an integral  
part of the financial statements.

# VALLEY CENTER RECREATION COMMISSION

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Appropriation from USD No. 262	\$ 564,207	\$ 564,207	\$ 564,207	\$ -
Program fees	122,900	122,900	118,230	(4,670)
Golf course revenue	178,375	178,375	71,259	(107,116)
Interest	750	750	169	(581)
Other	<u>3,475</u>	<u>3,475</u>	<u>6,742</u>	<u>3,267</u>
Total revenues	<u>869,707</u>	<u>869,707</u>	<u>760,607</u>	<u>(109,100)</u>
Expenditures:				
General administrative	216,260	216,260	193,390	22,870
Utilities	18,000	18,000	18,381	(381)
Rental	4,575	4,575	2,115	2,460
Janitorial	700	700	4,078	(3,378)
Maintenance	46,850	46,850	65,640	(18,790)
Programs	122,250	122,250	114,563	7,687
Golf course	178,375	178,375	140,629	37,746
Projects	<u>632,697</u>	<u>632,697</u>	<u>65,172</u>	<u>567,525</u>
Total expenditures	<u>1,219,707</u>	<u>1,219,707</u>	<u>603,968</u>	<u>615,739</u>
Revenues over (under) expenditures	(350,000)	(350,000)	156,639	506,639
Fund balance, beginning of year	<u>350,000</u>	<u>350,000</u>	<u>358,122</u>	<u>8,122</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,761</u>	<u>\$ 514,761</u>

The accompanying notes are an integral  
part of the financial statements.

# VALLEY CENTER RECREATION COMMISSION

## LIABILITY INSURANCE/EMPLOYEE BENEFITS FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Appropriation from USD No. 262	\$ 86,259	\$ 86,259	\$ 82,292	\$ (3,967)
Expenditures:				
FICA and Medicare taxes	25,469	25,469	23,179	2,290
Workmen's compensation				
Insurance	2,500	2,500	5,102	(2,602)
Public officials liability insurance	1,800	1,800	1,775	25
Vehicle liability insurance	3,900	3,900	3,700	200
Unemployment insurance	550	550	298	252
Health and dental insurance	46,440	46,440	46,118	322
Retirement benefits	3,700	3,700	2,320	1,380
Liability insurance	<u>1,900</u>	<u>1,900</u>	<u>2,132</u>	<u>(232)</u>
Total expenditures	<u>86,259</u>	<u>86,259</u>	<u>84,624</u>	<u>1,635</u>
Revenues over (under) expenditures	–	–	(2,332)	(2,332)
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>11,104</u>	<u>11,104</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 8,772</u>	<u>\$ 8,772</u>

The accompanying notes are an integral  
part of the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**



# VALLEY CENTER RECREATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting entity

The Valley Center Recreation Commission (Commission) was formed pursuant to K.S.A. 12-1901 to establish, operate and maintain a recreational system in Valley Center, Kansas. The Commission is comprised of five board members, two appointed by the Board Members of Unified School District (USD) No. 262, Valley Center, Kansas, two appointed by the City Council of the City of Valley Center, Kansas, and one is appointed by those four appointed Commission members. The Commission must certify its annual budget to USD No. 262 for levying of property taxes. The Commission may not acquire real property or issue debt without the approval of USD No. 262. Any lease entered into by the Commission may be subject to approval of USD No. 262. The USD No. 262 is financially accountable for the Commission and, accordingly, the Commission is a component unit of that entity.

#### Basis of presentation

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The Commission's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

#### Government-wide financial statements

The statement of net position and the statement of activities display information about the Commission as a whole. The statement of net position presents the financial condition of the governmental activities of the Commission at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Commission.

### Fund financial statements

During the year, the Commission segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Commission at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column.

### Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest and charges for services associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period.

The Commission reports the following major governmental funds:

General Fund – to account for all unrestricted resources except those required to be accounted for in another fund. All resources of the Commission are accounted for in the General Fund, exclusive of liability insurance and employee benefits.

Liability Insurance/Employee Benefit Fund – established pursuant to Kansas law to account for taxes levied and expenditures for the employer's portion of FICA and Medicare taxes, workmen's compensation insurance, unemployment taxes, health insurance, retirement benefits and liability insurance premiums.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Deposits and investments

The Commission pools all funds for the purpose of increasing income through investment activities. Cash deposits are recorded at cost, which approximates fair value. Interest earnings on investments and deposits are credited to the General Fund. Additional deposit and investment disclosures are presented at Note 2.

### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. There were no significant prepaid items at June 30, 2017.

### Inventories

Inventories are considered to be immaterial and are not recorded.

### Capital assets

Capital assets, which includes property and facilities under capital lease obligations, and equipment are capitalized at total acquisition cost, provided such amounts exceed \$500 and have a useful life of more than one year. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	10-50
Machinery and equipment	3-10

### Compensated absences

The Commission's policies regarding vacation permits the Director of Recreation to earn 11.33 hours vacation pay for each month of service and the Director of Maintenance to earn 8 hours vacation pay for each month of service. Part-time employees earn vacation at a prorata rate of a full-time status employee. Seasonal and temporary employees do not earn vacation leave pay. At the end of each fiscal year, any unused vacation pay may be taken as additional compensation at one-half of the employees' hourly rate. One-half of vacation pay earned can be carried over from one fiscal year to the next. Upon termination of employment

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

an employee shall be compensated for all earned but unused vacation leave at their final rate of pay.

Sick leave is allowed to accumulate at the rate of 7 to 11 hours for each month of service, depending on length of service by the employee. Part-time employees earn vacation at a prorata rate of a full-time status employee. Seasonal and temporary employees do not earn sick leave pay. Any unused sick pay hours may be carried over to the next fiscal year with a maximum accumulation of 120 days. Upon termination of employment all unused sick leave is forfeited.

The Commission's compensated absences liability is reported on the government-wide financial statements. The liability is based on current salary costs and the vested portion of accumulated benefits.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent that they are due for payment during the current year.

### **Accrued liabilities and long-term obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

### **Risk management**

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance for all risks of loss. There were no significant reductions in coverage from prior years and claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Deferred outflows/deferred inflows of resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The Commission did not identify any financial statement balances that met the definition of a deferred outflow of resources or a deferred inflow of resources.

### Net position flow assumption

The government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Investment in capital assets, net – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted – consisting of net position items with constraints place on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other net position items that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

### Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Recreation Commission Board Members is the highest level of decision-making authority for the Commission that can, by adoption of a resolution prior

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – the nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.
- Restricted – that portion of fund balance that has constraints that are (1) external imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
- Committed – that portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- Assigned – fund balance that is constrained by the government's intent to be used for specified purposes, but are neither restricted or committed.
- Unassigned – this represents the residual classification for the General Fund.

When expenditures are incurred for purposes that include committed, assigned and unassigned amounts, the committed amounts are reduced first, followed by assigned amounts and then unassigned amounts.

Details of fund balance amounts are displayed on the governmental fund balance sheet.

### Budgetary principles

The Commission is required by state statute to adopt annual budgets for the General and Liability Insurance/Employee Benefit funds on or before August 1 for the ensuing year. The Commission is required to certify its adopted budget to Unified School District No. 262 which shall levy a tax sufficient to raise the amount required by such budget on all the taxable tangible property within the taxing district. The Commission may amend the budget by transferring budgeted amounts from one object or purpose to another. Expenditures may not legally exceed the total amount of adopted budget of individual funds. Budgeted revenue and expenditure amounts represent the original adopted budget for such amounts.

The statutes provide for the following timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before July 1st.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before July 10th.
3. Public hearing on or before July 20th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 1st and certification of the adopted budget to USD No. 262.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended June 30, 2017.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are generally recognized when cash is received or are considered susceptible to accrual. For budgetary purposes, encumbrances, representing purchase orders, contracts and other commitments, are reported as expenditures in the current year budget. All unencumbered appropriations lapse at year-end.

The following reconciliation is presented to provide a correlation between reporting in conformity with generally accepted accounting principles (GAAP) and the budgetary basis of reporting:

	<u>Major Governmental Funds</u>	
	<u>General Fund</u>	<u>Employee Benefit Fund</u>
GAAP Fund Balance at June 30, 2017	\$ 514,761	\$ 8,772
Adjustments – reserve for encumbrances	<u>—</u>	<u>—</u>
Budgetary Basis Fund Balance at June 30, 2017	<u>\$ 514,761</u>	<u>\$ 8,772</u>

## 2. DEPOSITS AND INVESTMENTS

### Deposits and investments

At June 30, 2017 the Commission had the following investments:

## 2. DEPOSITS AND INVESTMENTS (continued)

<u>Investment Type</u>	<u>Cost/ Carrying Amount</u>	<u>Fair Value</u>	<u>Weighted Average Months to Maturity</u>	<u>S&amp;P Rating</u>
Overnight repurchase agreement investments collateralized by: Fannie Mae REMIC Trust 2016-42	\$ 504,000	\$ 504,000	339	AA+

K.S.A. 9-1401 establishes the depositories that may be used by the Commission. The statute requires banks eligible to hold the Commission's funds have a main or branch bank in the county in which the Commission is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation (FDIC) coverage. The Commission has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Commission's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Commission has no investment policy that would further limit its investment choices.

### Concentration of credit risk

State statutes place no limit on the amount the Commission may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Commission's allocation of investments as of June 30, 2017, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
Fannie Mae REMIC Trust 2016-42	100%

### Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of bank failure, the Commission's deposits may not be returned to it. State statutes require the Commission's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

At year-end the carrying amount of the Commission's cash and deposits were \$26,496 and the bank balances were \$80,864. At June 30, 2017, 100% the bank balances were covered by federal depository insurance.

### 3. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated – land				
Land	\$ 107,004	\$ —	\$ —	\$ 107,004
Capital assets being depreciated:				
Buildings and improvements	2,950,311	63,316	—	3,013,627
Machinery and equipment	<u>318,694</u>	<u>10,846</u>	<u>4,200</u>	<u>325,340</u>
Total assets being depreciated	<u>3,269,005</u>	<u>74,162</u>	<u>4,200</u>	<u>3,338,967</u>
Less accumulated depreciation for:				
Buildings and improvements	660,640	113,646	—	774,286
Machinery and equipment	<u>141,497</u>	<u>24,520</u>	<u>2,521</u>	<u>163,496</u>
Total accumulated depreciation	<u>802,137</u>	<u>138,166</u>	<u>2,521</u>	<u>937,782</u>
Total capital assets being depreciated, net	<u>2,466,868</u>	<u>(64,004)</u>	<u>(1,679)</u>	<u>2,401,185</u>
Total capital assets, net	<u>\$ 2,573,872</u>	<u>\$ (64,004)</u>	<u>\$ (1,679)</u>	<u>\$ 2,508,189</u>

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
General Operations	\$ 14,198
Maintenance	30,843
Programs	32,116
Golf course	<u>61,009</u>
Total depreciation expense – Governmental Activities	<u>\$ 138,166</u>

### 4. LONG-TERM DEBT

During the fiscal year ended June 30, 2017, the Commission's long-term debt changed as follows:

#### 4. LONG-TERM DEBT (continued)

	Compensated Absences	Total Long-Term Debt
Beginning of year	\$ 1,685	\$ 1,685
Additions	7,900	7,900
Deletions	<u>(8,127)</u>	<u>(8,127)</u>
End of year	<u>\$ 1,458</u>	<u>\$ 1,458</u>
Amount due within one year	<u>\$ 1,458</u>	<u>\$ 1,458</u>

#### 5. RELATED PARTY TRANSACTIONS

The Commission has entered into an agreement with the Valley Center Unified School District No. 262 for the use of certain baseball, softball and soccer fields of the District's Sports Complex. The agreement provides that the Commission shall maintain certain designated fields including mowing, watering, trimming, fertilization and the maintenance and replacement of lighting fixtures. In addition, the Commission is responsible for utilities at the designated facilities and must keep in force comprehensive liability insurance coverage with the District named as an additional insured in an amount of not less than \$500,000.

#### 6. RETIREMENT PLAN

All full-time employees are eligible to participate in the Commission's Savings Incentive Match Plan for Employees (SIMPLE) Individual Retirement Trust Plan established in May 1998. The payroll for employees covered by the Plan was \$77,345 and the Commission's total payroll was \$297,895 for the year ended June 30, 2017.

All full-time employees are eligible to participate in the Plan if they receive at least \$5,000 in compensation for the calendar year and \$5,000 in each of the two previous calendar years. Benefits are fully vested upon eligibility to participate in the Plan. The employer may make matching contributions to the SIMPLE IRA of each eligible employee in an amount equal to the employee's salary reduction contributions up to a maximum of 3% of the employee's compensation. If the employer chooses to make non-elective contributions instead of matching contributions to each eligible employee's SIMPLE IRA, such contributions must be 2% of the employee's compensation for the year. Employees are not required to make contributions to the Plan but are allowed to make elective salary reduction contributions limited to a maximum of \$12,500 per calendar year. During the fiscal year ended June 30, 2017, employees' elective contributions made through payroll deductions were \$1,350 and the employer made matching elective contributions of \$2,320. All contributions are paid directly to the Commission's designated agent in the name of the individual employees and the accounts are 100% vested at the time of contribution. The Commission retains no

## **6. RETIREMENT PLAN (continued)**

ownership rights to the accounts and, accordingly, the account balances are not included within the financial statements of the Commission. The Commission holds no investments of the Plan or any of the Plan's related parties.

## **7. OTHER POSTEMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, the Commission allows retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. Further, under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Commission makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured and there is no cost to the Commission under this program. Currently, there are no former employees or retirees receiving health care benefits under the Commission's group health insurance plan. Management believes the financial impact of this potential liability is not material and any such liability has not been quantified in the financial statements of the Commission.

## **8. COMMITMENTS AND CONTINGENCIES**

### **Swimming Pool Management**

The Commission entered into an agreement with the City of Valley Center, Kansas to operate the City's municipal swimming pool. Under the terms of the agreement, the City is responsible for all facility operation and maintenance costs except for salaries for management and staff personnel. The Commission provides for the day-to-day operation of the swimming pool including any special activities and collects all admission and rental fees. The agreement provides that at the end of the operating season the City is to reimburse the Commission if any deficit from operations is incurred and should the facility generate excess operating revenues such amount shall be paid to the City. During the 2016 operating season the Commission incurred a deficit of \$9,591. The City of Valley Center reimbursed the Commission for this operating deficit during the year ended June 30, 2017. The estimated amount due from the City of Valley Center related to the 2017 operating season (May through September 2017) is \$3,222.

## **9. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through November 17, 2017, which is the date the financial statements were available to be issued.

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